

Message Text

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42

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 SWF-02 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-03 INR-11 NSAE-00 RSC-01

CIEP-03 SP-03 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01

OMB-01 SS-20 NSC-07 L-03 H-03 DRC-01 /167 W

----- 102998

R 241204Z JUL 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 7265

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

UNCLAS EC BRUSSELS 5537

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, ETRD, OCON, EEC

SUBJECT: ITALIAN IMPORT DEPOSIT SCHEME - INCREASE IN ITALY'S CAP
PRICES

REF: (A) EC BRUSSELS 3808

1. BEGIN SUMMARY: ON JULY 15, THE EC COUNCIL OF MINISTERS GAVE
FINAL

APPROVAL TO A 12.5 PERCENT INCREASE IN THE CAP SUPPORT PRICES IN
ITALY. THIS ACTION, WHICH HAD BEEN AGRRED UPON IN PRINCIPLE IN
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JUNE, WAS CONTINGENT UPON THE SINULTANEOUS ABOLITION BY ITALY OF THE

IMPORT DEPOSIT SCHEME FOR MOST FARM PRODUCTS. END SUMMARY.

2. ON JULY 15, THE EC COUNCIL OF MINISTERS GAVE FINAL APPROVAL TO A 12.5 PERCENT INCREASE IN MOST OF ITALY'S FARM SUPPORT PRICES. THUS, BEGINNING WITH THE 1974/75 CROP YEAR, THE CONVERSION RATE BETWEEN THE UNIT OF ACCOUNT AND THE ITALIAN LIRA WILL BE 1:800.99 (ORIGINALLY THE CONVERSION RATE WAS 1:625). FOR SUGAR, THE NEW CONVERSION RATE APPLIES SINCE JULY 1, 1974. FOR OTHER PRODUCTS, WHOSE MARKETING YEAR BEGINS LATE IN THE YEAR (E.G., PORK, OLIVES, RICE), THE NEW CONVERSION RATE WILL APPLY ONLY AT THE BEGINNING OF THAT MARKETING YEAR, BUT THE SUBSIDIES FOR DURUM AND OLIVE OIL SHALL BE CALCULATED AT A LOWER RATE, NAMELY AT THE RATE OF 1 UNIT FOR ACCOUNT EQUALS 712 LIRE.

3. WITH THE INCREASE IN ITALIAN SUPPORT PRICES, THE COMMISSION'S AUTHORIZATION FOR THE ITALIAN IMPORT DEPOSIT SCHEME FOR MOST FARM PRODUCTS CEASES TO APPLY (REF. A). HOWEVER, ITALY WILL BE PERMITTED TO APPLY AN IMPORT DEPOSIT SCHEME FOR BEEF, WHICH, HOWEVER, MUST NOT EXCEED 25 PERCENT OF THE CIF VALUE INSTEAD OF THE 50 PERCENT APPLIED UP TO NOW. MOREOVER, THE COMMISSION AUTHORIZED ITALY TO SUSPEND TEMPORARILY THE APPLICATION OF MONETARY COMPENSATORY AMOUNTS (WHICH HAVE THE EFFECT OF IMPORT SUBSIDIES) FOR BEEF AND VEAL FOR THE NEXT THREE MONTHS.

4. ALL THESE MEASURES WERE TO TAKE EFFECT ON JULY 22. THEY ARE CONTAINED IN THE COMMISSION DECISION OF JULY 17, 1974 (OJ NO. 198/74) AND IN COUNCIL REGULATION NO. 1847/74 OF JULY 15, 1974. GREENWALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL PRODUCTION, CAP, NEGOTIATIONS, SUBSIDIES, IMPORT CONTROLS, AGRICULTURAL POLICIES
Control Number: n/a
Copy: SINGLE
Draft Date: 24 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ECBRU05537
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740200-0476
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740723/aaaaaszp.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: (A) EC BRUSSELS 3808
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 14 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 JUN 2002 by thomasv0>; APPROVED <24 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ITALIAN IMPORT DEPOSIT SCHEME - INCREASE IN ITALY'S CAP PRICES
TAGS: EAGR, ETRD, OCON, EEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005